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AFGHANISTAN AGRICULTURE MOVING FORWARD

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This paper describes the present state of agriculture in Afghanistan and what the donor community, led by USAID and USDA, are doing to revitalize this sector. The paper is divided into three parts. The respective components are described below:

- Part I covers the importance of the agriculture sector to the reconstruction of Afghanistan, the Ministry of Agriculture's new Master Plan, the reorganization of the Ministry of Agriculture, and donor coordination.
- Part II covers agricultural research and extension, progress in privatizing animal health and veterinary services, management of natural resources, and programs to integrate Afghanistan's nomadic population into the reconstruction process.
- Part III covers USAID-funded programs designed to promote growth of a market-led, value chain agricultural sector, capacity building initiatives involving U.S. land-grant universities, USDA programs, communications and agri-business development, and a vision of the way forward.

Part I: **Introduction**

1. Agriculture dominates the Afghan economy, contributing an estimated 53% of gross domestic product and providing employment and livelihoods for about 80% of the population. However, 25 years of war and civil conflict and the recent severe prolonged drought have seriously affected Afghanistan's agriculture sector. Developing the agriculture sector is critical for economic growth and for tackling opium poppy cultivation.

2. The Government of Afghanistan recognizes that economic growth is a key factor for poverty reduction and that agriculture plays an important role in this process. Given the country's dependence on agriculture, the rate of recovery in the sector will largely determine the nation's overall rate of economic recovery and poverty reduction. Higher rates of growth in agricultural productivity are necessary to promote broad-based economic growth, reduce rural poverty, and conserve natural resources. Agricultural productivity growth is based largely on application of science, technology, and information, and needs to be provided through national agricultural research and extension systems. However, as Afghanistan moves forward on developing the

agricultural sector it can no longer just rely on traditional government systems, but must include all organizations and institutions that generate, share, import, and use agricultural knowledge and information.

2. The Ministry of Agriculture, Animal Husbandry and Food (MAAHF) has initiated an institutional restructuring of the Ministry and the preparation of an Agricultural Master Plan. The latter consists of a comprehensive agricultural development strategy and investment framework to guide reconstruction efforts. There is now strong and dynamic leadership in the MAAHF which places the Ministry in a better position to support agriculture development and broad-based economic growth in the rural areas.

3. Key areas of progress in the agriculture sector include: capacity building, promoting market-led agriculture development, animal health and privatizing veterinary services, and strengthening natural resource management. Despite progress, considerable challenges remain. Building an effective research and extension system, extending rural financial services, and eliminating opium poppy cultivation are priorities. As Afghanistan moves from post-conflict and crisis management, more long-term sustainable development planning is needed. Addressing the challenges of Afghanistan's agricultural reconstruction will require sustained capacity building of the Government of Afghanistan and long-term donor assistance with clear performance benchmarks. Institutional and programmatic challenges to rebuild agriculture are consistent with the recommendations of donors and USG efforts through USAID and USDA.

Importance Of The Agriculture Sector In Reconstruction

4. The Government of Afghanistan recognizes that economic growth is a key factor for poverty reduction and that agriculture plays an important role in this process. The agriculture sector, which has been severely affected by years of war and neglect, provides much of the livelihood of 80 percent of the country's population and accounts for more than half of gross domestic product (GDP). Given the country's dependence on agriculture, the rate of recovery in the sector will largely determine the nation's overall rate of economic recovery and poverty reduction. Improved agricultural productivity and growth are central to reconstruction. At the same time, attention to rural non-farm economic activities are also important.

5. To achieve the Government's development goals, economic growth must be accelerated to sustain an increase of an estimated six percent per year growth in the agriculture sector. Higher growth rates in agricultural productivity will directly promote broad-based economic growth, reduce rural poverty, and conserve natural resources. Growth in productivity must be based on new applications of science, technology, and information, and large-scale investments in agriculture development.

6. Afghanistan reconstruction requires a national strategy that raises the profile of agriculture development, effectively extends donor assistance to Afghan farmers and supports and attracts private sector investment. An effective agriculture strategy fosters

broad-based economic growth in rural areas comprehensively, forges alliances between stakeholders, and takes advantage of emerging market opportunities. A national agriculture program in Afghanistan requires multidisciplinary and pluralistic approaches to local economic development, poverty reduction, social and gender equity, natural resource management, and good governance. Reconstruction efforts need to move away from short-term, sector-by-sector approaches for the sustained reduction of rural poverty and improved economic growth. Fortunately, Afghanistan now has a comprehensive national agricultural development strategy and program in place to guide reconstruction efforts and promote long-term investments.

Agriculture Master Plan Finalized

7. The Agriculture Master Plan was just endorsed by the Economic Subcommittee of the Cabinet of the Government of Afghanistan (GOA) as a comprehensive development blueprint for the sector that identifies priorities for investment. The Chief Economic Advisor to President Karzai, Dr. Ishaq Naderi, is a strong champion of the Master Plan and an ardent advocate of the pro-growth approach adopted by the Plan. For Dr. Naderi, agriculture growth is central to his vision for the economic transformation of Afghanistan and he supports large investments in agriculture including the rehabilitation of rural roads and irrigation systems. Moreover, agriculture figures prominently in the Afghanistan National Development Strategy (NDS) interim paper to be presented in the London Conference.

8. Supported by USAID, the UK's Department for International Development (DFID), the European Union (EU), the World Bank and Asian Development Bank, the Master Plan was generated through a participatory process that included input from both the provincial and central levels. Committees of Afghans and expatriate advisors worked together to prepare the Plan, completed in November 2005.

9. The Master Plan is comprehensive. It emphasizes commercial, market oriented agriculture. It also includes actions for improving food security through support to wheat farming systems and a range of direct action targeted to poor people to ensure adequate nutritional status. Virtually all farmers and parts of the country are expected to benefit. The Master Plan gives broad treatment to poverty reduction including direct action programs to reach the poor. It emphasizes environmental protection, the needs of the large nomadic pastoralist (*kuchi*) population, and improving natural resource management and reforestation.

10. The Master Plan identifies a number of key priorities and cross-cutting themes for immediate action and for sequencing activities for longer-term development. With a projected investment of US\$1.3 billion over the next five-year period, the Plan is oriented to economic growth and engagement with the private sector. It is designed to provide six percent overall growth rate in the agriculture sector and a doubling of farm incomes in 12 years, which should contribute greatly to reducing poverty, eliminating opium poppy cultivation, and creating a prosperous rural economy. As such, the Master Plan provides

a strategic roadmap for accelerating agricultural growth and the consequent transformation of Afghanistan's rural economy.

11. Accelerating agriculture growth in Afghanistan requires resources to be focused on a few key priorities. The Master Plan identifies the following as key priorities: (a) horticulture, (b) livestock, and (c) cereals for food security. The Master Plan is clear that income generation in the high value perennial horticulture sector is essential to the solution to macro-economic problems as well as rural prosperity and poverty reduction. Perennial horticulture will account for nearly one-third of all agricultural growth in the Master Plan strategy. The Master Plan elaborates a feasible program by identifying seven, perennial horticulture crops that could, conservatively, add nearly US\$1 billion to annual exports in a ten-year period, and a very conservatively estimated cumulative US\$264 million to government tax revenues in that period. Agriculture growth and its multipliers to the rural non-farm economy will account for nearly three quarters of employment growth and poverty reduction – with roughly one-third of that total effect coming from the export oriented, commercialized priority horticulture commodities.

12. A balanced rural development strategy requires attention to a number of cross-cutting issues. In the Master Plan, the interventions associated with the integration of these issues are clearly visible in the strategies to address the commodity sub-sector priorities. These cross-cutting themes include: (a) management of natural resources, (b) research and extension, (c) farmer associations and community participation, (d) rural finance, and (e) gender.

13. The priorities in the Master Plan are a guide for the private sector. Rapid commercialization requires large investment in irrigation, rural roads, rural electrification and, for example, in the Shomali Plains in Parwan Province, the need for de-mining. Those physical investments must be linked with the agricultural commercialization priorities. That in turn requires coordination at the highest levels of government with the Ministry of Agriculture.

14. The Ministry of Agriculture is responsible for implementing the Plan. With limited technical staff resources, the Ministry will require substantial training as well as technical assistance to fill the gap until trained Afghans can take over. The Master Plan allocates resources for training the next generation of Afghan agriculturists; providing technical assistance for policy formulation and planning; for building regulatory mechanisms; and for improving the enabling environment for private sector growth and investment. Donors and multilateral institutions agree that the Master Plan is both ambitious in its goals and realistic in its approach.

Restructuring Of The Ministry Of Agriculture

15. The Ministry of Agriculture is restructuring itself to make it more efficient and responsive to the current needs of Afghan farmers and to be better able to utilize international donor assistance. It is the only Ministry to complete Phase II of the priority

reform and restructuring (PRR) process, that entails restructuring and re-grading Ministry staff. As part of this process, an agreement was reached with the Civil Service Administration that the Ministry would only keep six general departments in the headquarters and transform its field offices to efficient institutions that respond effectively to farmers and agro-business clients and provide technical advice to ensure the quality of agricultural inputs and outputs. Based on the new approved structure, the Ministry in Kabul now consists of six general departments: (a) Extension Economic and Applied Research; (b) Policy Economic Analysis and Planning, (c) Natural Resource Management, (d) Food, Agro-Industry and Market Development, (e) Quality Control, and (f) Finance and Administration.

16. Still, the capabilities of staff varies greatly, with management skills being quite limited. The Minister's office is well staffed and running efficiently. The Planning Department also has a solid core of competent staff, but needs to expand. However, Many of the other departments are weakly staffed. Staff evaluations are underway to identify staff training needs in order to upgrade staff quality and competence. Donor assistance is necessary in the foreseeable future to continue to build capacity of Ministry staff.

Irrigation Department To Merge With Agriculture Ministry

17. The GOA recently decided to merge the Department of Irrigation, currently with the Ministry of Water and Power, with the Ministry of Agriculture's Natural Resource Department, a move long anticipated. Merging the Irrigation Department into the Ministry of Agriculture will provide for greater synergy and integration of agriculture productivity activities with irrigation rehabilitation efforts.

Donor Coordination Greatly Improved

18. Partly as a result of the Master Plan process and the restructuring of the Ministry of Agriculture, as well as the growing leadership role played by the Minister of Agriculture, there is good collaboration among donors and harmonization of development strategies in support of the GOA's development objectives. Donor coordination in the agriculture sector is vastly improved compared to a year ago. The Minister now chairs a bi-weekly donor coordination meeting that brings together the major donors in the agriculture sector to discuss important policy and agriculture reconstruction issues, share information on existing projects and new initiatives, and to facilitate dialogue among all interested stakeholders. This is welcome progress and represents a significant break from the past. Greater synergy and complimentary endeavors by the donors in future agriculture reconstruction efforts are now possible.

19. Coordination among the different GOA ministries and agencies concerned with agriculture and rural development and economic growth (i.e., Agriculture, Water and Power, Rural Rehabilitation and Development, National Environmental Protection Agency, Commerce, Higher Education) remains a serious challenge. These issues cut across sectors and government agencies. Mechanisms to establish effective inter-agency

coordination and address them will demand new institutional capacities and incentives. The Ministry of Agriculture also now has to start paying more attention to the expectations and requests of members of Parliament.

Part II:

20. Key areas of progress in agriculture development to-date include: efforts to rebuild agriculture research and extension, privatizing animal health and veterinary services, management of natural resources, and programs to integrate Afghanistan's nomadic population into the reconstruction process.

Reviving Agriculture Research And Extension

21. Higher rates of growth in agricultural productivity are necessary in Afghanistan to promote broad-based economic growth, reduce rural poverty, and conserve natural resources. Productivity growth, in turn, is based largely on application of science, technology, and information, provided through national agriculture research and development systems; not just government systems, but all organizations that generate, share, import, and use agricultural knowledge and information.

22. Three lessons stand out for agriculture policymakers in Afghanistan. First, agriculture research is a fundamental building block for progress in agricultural production and food security. Second, rapid transmission to farmers of advances from research stations and experimental fields depends on the effective functioning of many actors along the "research impact pathway," from researchers and policymakers to farmers. Third, the farmer is key: in the end, the decisions of hundreds of thousands of farmers in Afghanistan determine whether the new varieties and technologies are adopted, impacts registered and poverty reduced and livelihoods improved.

23. A number of the Consultative Group on International Agricultural Research (CGIAR) Centers have been assisting with agriculture research in Afghanistan. The International Maize and Wheat Improvement Center (CIMMYT) is working to make improved, high quality seed of wheat and corn available to farmers along with appropriate crop management technologies. The International Center for Research in Dry Areas (ICARDA) is also engaged in agriculture research, particularly wheat seed production. ICARDA, in collaboration with the International Potato Center (CIP), has been undertaking research to produce virus free potato seed. Much of the work of the CGIAR Centers has been funded by USAID. In late 2004, the UK's DFID initiated the Research on Alternative Livelihoods Fund (RALF), a program to fund research projects that explore innovative and sustainable income opportunities for Afghan farmers to replace opium poppies. The RALF project also supports agriculture universities in Afghanistan through capacity building activities.

24. An effective agriculture extension system provides a broad range of services (advisory, technology transfer, training, and information) on a wide variety of actions (agriculture, marketing and social organization) needed by rural people in Afghanistan to

better manage their agricultural systems and livelihoods. Future investments require more sustainable institutional arrangements for providing knowledge and information services to Afghan farmers. Both the public and private sectors need to assume new roles of leadership and regulation.

25. USAID has been engaged in the transfer of technology and providing information to address a variety of needs. USDA's PL-480 Food for Progress Program allocated US\$4 million to assist in building capacity of the agricultural extension system. The goal is to upgrade provincial extension centers and training of extension agents. With literacy levels in rural Afghanistan at about 10 percent and household radio ownership at greater than 60 percent, radio programming is likely to be an effective means of information dissemination for market information and farmer education.

26. The immediate challenge is to reform extension in ways that increase client-oriented services, while still responding to the continually changing social and economic pressures. To do this, the Ministry of Agriculture needs to redefine extension and establish a strategic vision for a new approach and build commitment within the public sector for it. It then has to identify local change managers and maintain realistic expectations of what can be accomplished in given periods of time.

Progress In Privatizing Animal Health And Veterinary Services

27. With an estimated 80 percent of the Afghan population depending directly or indirectly on livestock for some of their livelihood, veterinary services are a critical function in agriculture reconstruction. This is particularly true at the present time, when rebuilding of livestock populations following the prolonged drought depends on improved fecundity and reduction of neonatal mortality through animal health interventions.

28. Significant progress has been made with developing a national network of district based Veterinary Field Units operating in the private sector to provide veterinary services on a fee-for-service basis. Through USAID's Rebuilding Agriculture Markets Program (RAMP), the US\$11 million Livestock Health, Production and Marketing Project, implemented by the Dutch Committee for Afghanistan (DCA), has improved veterinary services in 245 districts of 31 provinces with over 350 Veterinary Field Units (VFU) staffed by nearly 500 animal health care workers. Project interventions emphasize privatization of services, with a focus on providing VFU staff with the resources they need to earn income through the delivery of community-based animal health services without the unsustainable need of salary payments from an external organization. There is also an emphasis on recruiting and training para-veterinarians who come from the communities where VFUs are established. In this manner, veterinary services are available in rural areas where they might otherwise not be found. The estimated net gain to date from the USAID veterinary program is estimated at about US\$300 million due to reduction in mortality and improved animal productivity.

29. Complementing the veterinary privatization efforts is a US\$15 million European Union-funded effort to rebuild Afghanistan's capacity to diagnose animal diseases and enhance animal health control measures. They are rebuilding the central and regional animal disease diagnostic capability and training staff in modern diagnostic procedures. In addition, a new US\$3 million USAID-funded activity, to be implemented through U.S. Department of Agriculture's International Animal, Plant, Health Inspection Service (APHIS/IS), will compliment the EU's efforts and build Afghan capacity for livestock disease surveillance and control measures through training of Afghans and assistance in the establishment of a national disease surveillance system.

30. Overall guidance and coordination for animal health and husbandry programs are provided by an Animal Health and Husbandry Steering Committee, chaired by a Deputy Minister of Agriculture, which meets regularly. The Committee was officially formed in October 2004 with a formal memorandum of agreement between the Ministry of Agriculture, USAID, USDA, and the EU and has been instrumental in advocating the privatization of veterinary services and building capacity for animal health services.

31. While considerable challenges remain to build effective animal health services throughout rural Afghanistan, USAID and other development partners are developing an important model for addressing livestock development issues in post-conflict areas. If one were to look, for example, at a map of the distribution of goats around the world and overlay it with a map of countries in conflict a remarkable congruence would be noted. Livestock are a source of livelihood for the rural poor and poverty is an underlying factor for civil instability in developing countries. Programs such as the innovative, veterinary privatization efforts being implemented in Afghanistan provide direct, urgently needed benefits to the rural poor and jobs for animal health workers. Increasing incomes from livestock help to build trust and support among rural communities and give farmers and herders the opportunity to move beyond hopelessness and abandon conflict in favor of peace, food security and optimism about the future.

Natural Resource Management Getting More Attention

32. Afghanistan is endowed with a diversity of natural resources. Rangelands are by far the major land type in Afghanistan comprising about 75 percent of the country. Livestock grazing is one of the primary uses of these grazing lands, but the rangelands also supply a number of products, including water, fuelwood, and habitat for wildlife as well as other products and values. Given their extent and importance for watershed management, biodiversity conservation, and livestock production, greater emphasis needs to be given to the future development of rangelands, yet there is a dearth of information on Afghanistan's rangelands. Herders and their livestock also interact with farmers growing crops and as such it is important to consider land uses holistically and begin planning on a river basin, watershed and sub-watershed basis.

33. In late 2005, USAID undertook an analysis of Afghanistan's rangelands in order to help the GOA develop rangeland policy consistent with other already approved natural

resource management policies and livestock development strategies. Important conclusions from the assessment were that a rangeland policy must realize the value of rangelands to the national economy for producing not only livestock products, but as watersheds, wildlife habitat, for carbon sequestration, and open space and aesthetic values. A rangeland policy must also conserve (provide for sustainable uses) rangelands for future generations. Community based management also has to be stressed in the management of State or public rangelands. National rangeland policy must direct a national plan to categorize and understand rangeland ecosystems. This would include a classification of values (productivity, variability, products including forage, biodiversity, etc.), a determination of the state of health of rangelands (including desertification, degradation, watershed conditions, etc.), and land suitability for different uses. In Afghanistan, the policy environment is made extremely difficult because of ambiguous land tenure claims, ethnic conflicts, rangeland degradation, droughts, and an increasing population with limited livelihood opportunities. One of the most critical problems regarding sustainable use of rangeland are conflicts in land tenure and access, and a lack of institutional capacity for managing and understanding rangeland ecosystems.

34. Afghanistan still supports significant biodiversity of both plant and animals species. Conservation and natural resource management issues are closely linked to development and poverty-alleviation challenges that have been greatly exacerbated by two decades of conflict and recent years of drought. The principal goal of natural resource management must be to improve food security and contribute to poverty alleviation, while at the same time protecting the integrity of ecosystems.

35. USAID recently approved a new, three-year US\$6 million biodiversity conservation project to be implemented by the Wildlife Conservation Society, a New York City-based NGO. The project will focus on three areas: the Wakhan Corridor in Badakshan Province, the Hazajarat Plateau in central Afghanistan and the Eastern Forest complex along the Afghanistan-Pakistan border. The Wakhan Corridor has some of the last relatively pristine wildlife habitats and wildlife populations left in Afghanistan, including the endangered snow leopard and Marco Polo Sheep. The Hazarajat Plateau in north central Afghanistan has some of the most important existing and potential protected areas in the country; and the Eastern Forests complex has the last remaining conifer forests, a critically important component for both biodiversity conservation and economic development.

36. This biodiversity project encompasses four inter-related components. The first involves collection of baseline data. The second involves community based initiatives. The third is assistance for the Government of Afghanistan to develop appropriate conservation policies, and the fourth involves building Afghan capacity in the environmental sector. This capacity building aspect is woven into all project activities. Throughout this project, activities are designed to raise Afghanistan's capacity for self-management of their natural resource base through education, workshops and training.

37. In 2005, the United Nations initiated a large, comprehensive, five-year environmental and natural resource management project, the Green Afghanistan Initiative (GAIN) with the World Food Program (WFP) as the administering agent. GAIN will focus its activities around schools and community environmental programs, while building government capacity, assisting the most vulnerable households with employment opportunities in reforestation, and developing a network of forest nurseries to supply reforestation projects. Total estimated budget of GAIN is US\$79 million, but only a portion of this funding has been secured to date.

38. Management of natural resources is also being enhanced by UNDP's proposed US\$1 million Global Environmental Facility (GEF) Medium Size Project for Sustainable Land Management. This project, currently under preparation, would ensure that Afghanistan meets its obligations with respect to the United Nations Convention to Combat Desertification (UNCCD) and undertake community-based watershed management and institutional strengthening.

39. Promotion of integrated water resource management recently got a boost from a new US\$75 million Asian Development Bank project that will rehabilitate irrigation systems on over 140,000 acres of land in the Hari Rud River Basin in Herat Province.

Afghan Nomads – Wandering Toward Rights And Recognition

40. Afghan nomadic pastoralists, known as *kuchi*, and with an estimated population of about 2.5 million, of which about 60 percent are still migratory, are a vital component of Afghanistan's agricultural economy. Years of conflict and drought severely affected nomad communities with their traditional migration routes disrupted, access to grazing lands restricted, and many of their herds diminished from drought and disease. Pastoralists' livelihoods were greatly eroded and they have received little assistance to-date from the development community.

41. In early 2005, USAID's Rebuilding Agricultural Markets Program (RAMP) undertook a special initiative to assess pastoral livestock production and development needs of Afghanistan's nomads. This initiative consists of: (a) institutional strengthening of relevant government ministries and national and provincial Kuchi shuras; (b) assessing rangelands and improving rangeland management; (c) improving animal health services for nomads; (d) providing extension services to nomads; and (e) creating linkages between nomads and markets and improving marketing of livestock and livestock products. This work led to the development of a Pastoralist Support Strategy that has three key elements: (a) efforts to build capacity of relevant GOA ministries to ensure mainstreaming of pastoral interests in national programs and policy making; (b) strengthening the pastoral way of life through rangeland management and animal husbandry activities; and (c) activities to support economic integration of pastoralists into the broader economy.

42. Recognizing the importance of pastoralists and their livestock to recovery of the agricultural sector, USAID organized a three-day Pastoralist Conference in November 2005 that brought together Afghan and international pastoral development specialists, government officials, nomad representatives, and members of the *Kuchi* Shura to discuss pastoral development issues. The Conference identified the need to address land tenure issues as a priority since insecurity over pasture access currently provides little incentive to manage rangelands for optimal use. With over 70 percent of Afghanistan considered rangeland, resolving pastoral conflicts is critical to pastoral livestock development as well as for sustaining vital watershed aspects of the rangelands.

43. These pastoralist activities, along with the assessment of rangelands for developing policies, laid the groundwork for USAID to design a new, US\$4 million project to promote development of the extensive livestock sector through support to policy planning, pastoral land tenure conflict resolution, and introduction of new technologies to improve rangeland management and livestock production and marketing. The project will also help build the capacity of government personnel responsible for planning and implementing livestock development and rangeland resource management.

44. Termed the Pastoral Engagement, Adaptation and Capacity Enhancement (PEACE) project, this project is an extension of the existing USAID-funded Global Livestock Collaborative Research Support Program (GL-CRSP) project which applies forage and animal monitoring technology developed in the Livestock Early Warning System technology (LEWS) phase of the program to pastoral communities in Mongolia and East Africa. LEWS uses a satellite-based weather and vegetation greenness technology coupled with biophysical models to predict forage conditions. LEWS, along with animal nutrition monitoring technologies and information technology for markets, allows pastoralists and development decision-makers to be proactive in implementing appropriate range-livestock management practices. Implementing these practices protect the natural resource base and improve the livelihoods of pastoralists using the rangelands.

45. These technologies provide timely information on forage conditions which increase lead time for making risk mitigation decisions by herder groups and policy makers. Nutritional profiling to assess and manage livestock performance will be integrated with the forage monitoring technology to enable herders to make business decisions that enhance profitability within an array of livestock enterprises. The GL-CRSP/PEACE project will adapt these technologies to Afghanistan by integrating technologies with capacity building and participatory research among Afghan pastoralists, thus helping to revitalize the extensive livestock sector of the nation's economy.

46. USAID programs to introduce a market-led, value chain approach to agriculture development are bearing fruit. Capacity building activities and programs to improve information and communication services to support agriculture development are also underway. With an expanded staff presence, USAID is now well positioned to play a key

role in organizing agriculture development assistance. The USG needs to stay engaged on the policy front to keep advocating market-led approaches to development and for building an enabling environment for private sector investment in the agriculture sector.

Affirmation Of A Market-Led, Value Chain Approach

47. In July 2003, the USAID Rebuilding Agricultural Markets Program (RAMP) initiated an innovative, market-driven, value chain approach to reconstruction of Afghanistan's agriculture sector. RAMP emphasized the importance of strengthening all the processes from input supply, through production, post-harvest handling – storage, transportation and processing – and marketing to increase sales of agricultural products. RAMP focused on rehabilitating rural infrastructure (farm-to-market roads, irrigation systems, market facilities), enhancing agricultural productivity, improving marketing systems, expanding access to finance, and increasing the capacity of the public sector to create a more enabling environment for private sector-led growth in agriculture. RAMP's activities were geographically focused and selected for their predicted impact on growth.

48. RAMP's efforts to improve the efficiency of the agricultural sector and make it more competitive in local, regional and international markets have generated significant accomplishments. The program was a key stakeholder in the development of a vegetable dehydrating business that is exporting to Europe. The program has achieved considerable success helping entrepreneurs successfully re-enter exports markets for fresh fruit. The effort to reinforce Afghanistan's system of veterinary field units and put these into private hands has helped improve the overall productivity of the country's animal resources. Since early 2005, RAMP has also played a major role helping the Ministry of Agriculture reorganize itself to better meet the sector's needs and was instrumental in assisting the Minister of Agriculture coordinate donor efforts and build consensus for a long-term strategic agricultural development plan.

49. RAMP has had a significant impact on its target value chains – fresh and dried fruit, livestock and poultry, wheat, and fresh and dried vegetables. To date, the realized impact of the project is estimated at US\$511 million, far surpassing the life-of-project objective to increase marketable value of agricultural products sold by US\$250 million. RAMP's aggregate economic impact from the various sectoral interventions is estimated at US\$2 billion over the life of the project.

50. RAMP also introduced a series of innovations highly useful to the development community as a model for work in fragile states: (a) implementing across numerous fronts simultaneously through numerous subcontracts; (b) rapid mobilization and flexibility; and (c) integrated agriculture development approaches.

51. Other donors are now embracing USAID's pioneering work in market-led agriculture development. UK's DFID collaborated with USAID on a US\$25 million Agricultural Production and Marketing Support Activity during the fall planting season of 2005 to distribute seeds and fertilizer to 500,000 farmers across all of the provinces of

Afghanistan; a key objective which was to improve efficient marketing of crops and eliminate cultivation of poppies. The World Bank is in the process of finalizing a new US\$20 million, three-year, emergency program that will emphasize horticulture and livestock development. The Asian Development Bank (ADB) will soon start preparing a new commercial agriculture development project that will support the private sector to exploit domestic and export market opportunities in agribusiness. ADB's project interventions will promote increased investment in agribusiness production and processing, thereby contributing to economic growth.

52. USAID is developing a new project to begin in July 2006 when RAMP ends. It will build on RAMP's successes and lessons-learned from RAMP and other projects to accelerate adoption of improved agriculture technology and promote market-led agriculture development.

USDA's Contribution To Agriculture Reconstruction

53. The U.S. Department of Agriculture is currently involved in several activities in Afghanistan, including: (a) providing US\$30 million/year in Food for Progress and Food for Education programs; (b) placing USDA advisors on Provincial Reconstruction Teams (PRTs); (c) providing funds and technical assistance to the Afghan Conservation Corps; (d) training Afghan women in agriculture business under the Cochran program; and (e) collaborating with USAID under a Participating Agency Services Agreement (PASA) to provide technical assistance.

54. USDA's PL-480 program provided US\$15 million in government-to-government food aid agreements in FY 2005 for agriculture development and capacity building in the Ministry of Agriculture and Kabul University's Faculty of Agriculture and Veterinary Science and will provide US\$10 million for FY 2006. In addition, USDA's Food for Progress Program provided US\$23 million in monetized proceeds in FY 2005 to PVOs for agriculture development related programs. USDA's funding compliments USAID's activities, enabling improved coordination between the agencies and greater synergy in addressing agriculture reconstruction efforts.

Capacity Building - Engaging U.S. Land-Grant Universities

55. U.S. land-grant institutions are a source of valuable expertise that is being tapped into for agriculture reconstruction efforts in Afghanistan. Numerous U.S. Land-Grant Universities have been/are engaged in agriculture reconstruction efforts in Afghanistan, either by directly implementing USAID-funded projects or by providing short and/or long-term specialists in agronomy, horticulture, veterinary science, and natural resource management to USAID projects. These institutions include: Colorado State University, Iowa State University, Michigan State University, Pennsylvania State University, Purdue University, Texas A&M University, University of Arizona, University of California - Davis, University of Georgia, University of Illinois - Urbana-Champaign, University of Maryland, University of Montana, and Washington State University. Land grant and other U.S. universities are bringing curricula, course content, modern teaching

methodologies, applied research techniques and alliances with industry to build a sustainable agriculture research, education and extension capability. They are key participants in the development of digital libraries, e-Learning platforms, staff and faculty development and college preparation activities. We expect this component of our national agriculture development program to become ever more robust in the coming months.

Growing Information And Communication Services To Support Agricultural Development

56. Afghanistan is in the midst of a communications explosion. Almost one million people subscribe to cell phones and two additional licenses have been issued. The national phone company has established video conference capability between Kabul and almost thirty of the thirty-four provincial capitals. USAID is installing satellite-based telephone and Internet cafes in more than 330 of 370 district capitals, and local entrepreneurs are beginning to establish WiFi networks that will build out from these points.

57. More important, strong development uses for these technologies are already being piloted. Agricultural development messages are being programmed into 62,000 audio players that were successfully used during the two national elections. Soon, these players will be reprogrammed via the cyber cafes. Ag market information will be made available via cell phones, financial transactions via technology are not far behind and district and provincial level officials will be trained via video conference, perhaps in association with Land Grant and provincial universities noted above.

Good Rains, Bountiful Harvest In 2005 And Cautious Optimism For 2006

58. Above-normal and well-distributed precipitation and cold temperatures in the winter of 2004/05 were conducive to snow accumulation and the development of significant snow pack – conditions that contributed to a good wheat harvest in 2005 and ending of the prolonged drought. The 2005 wheat harvest of 4.3 million tons (MT), was up 43.4 percent from the 2004 poor harvest of 2.3 million tons. Improved pest management also contributed to the bumper 2005 wheat crop.

59. Concerns with a possible reduction in wheat prices, due to the good harvest, prompted the Government of Afghanistan to request donor support for a proposed wheat price support program in late summer 2005, which was rejected by donors. Current imbalances in the internal market are due to poor transportation and poor quality of wheat, not a wheat surplus. Wheat prices have remained stable despite the good harvest. With elections over, there are positive signs that the GOA is committed to free market principles and favorable agricultural policies instead of looking for short-term, politically advantageous, and costly support programs.

60. There are still constraints to the movement of cereals from surplus to deficit regions within Afghanistan after the good 2005 harvest. Inferior road infrastructure and

lack of storage in many areas makes transport of grain difficult and costly and markets are not yet well integrated.

61. The rainfall situation in December 2005 indicated a decrease in rainfall across the country compared to December 2004, but no drought is expected for 2006. Snowfall in January 2006 has contributed to more favorable snow pack conditions recently. But, heavy snowfall has also begun affecting vulnerable households in various provinces, especially Badakshan and Baghlan, where villages are cut off because of snow-bound roads. Monitoring of weather conditions will be necessary this spring in order to update 2006 wheat crop predictions, but there is guarded optimism for a good crop year at this time.

The Way Forward

62. Agriculture development is a strategic priority for the U.S. Government in Afghanistan and is reflected in USAID's new country strategy with its emphasis on rebuilding the rural economy and linking producers to markets. USAID's agriculture and rural development efforts in Afghanistan will continue to focus on increasing agricultural productivity and smallholder participation in markets and tackling opium production cultivation through four strategic themes: (a) expanding global, regional, and domestic trade opportunities and improving the capacity of producers and rural industries to act on them; (b) improving the social, economic, and environmental sustainability of agriculture; (c) mobilizing science and technology and fostering a capacity for innovation; and (d) strengthening agricultural training and education, outreach, and adaptive research.

63. Today in Afghanistan, farmers and herders are not only required to adopt a new generation of technologies and make more efficient use of the natural resource base that supports agriculture, but they must also be able to respond to greater and more discerning market demand. This means getting agricultural products of acceptable quality to markets at affordable prices. To meet these challenges in the years ahead, USAID efforts to support agriculture development will be: (a) linked to markets and focused on improving competitiveness and efficiency; (b) aggressive with regard to improving natural resource management; (c) innovative and facilitating the development and use of science and technology; and (d) attentive to the needs and capabilities of farmers, rural communities, and vulnerable groups.

64. In FY 2006, USAID will program approximately US\$50 million in agriculture development, natural resource management related activities, and rural finance and another US\$200 million for alternative livelihoods activities, which support the rebuilding of the agriculture sector.

65. USAID now has a fully staffed Agriculture and Rural Development (ARD) office in Kabul. There are four USDH agriculture officers, one senior agriculture long-term PSC, one long-term USDA veterinarian/animal health specialist under the PASA with

USDA, and another PSC contracted to work as a senior advisor in the Ministry of Agriculture, as well as one TCN and three FSNs. Other short-term advisors (for 3-4 months) in forestry and natural resource management are also in USAID's Kabul office under the PASA with USDA. USAID has also just hired three long-term PSC rural development specialists to work out of the PRTs and assist in managing the alternative livelihoods program.

66. With this depth of expertise, USAID is well positioned to play a key role in organizing agriculture and rural development assistance, coordinating the efforts of other USG agencies as well as other donors, and advising the Government of Afghanistan on agriculture development policy related matters. In addition, USAID has access to the technical expertise of over 40 expatriate, long-term agricultural specialists working on various USAID-funded projects, as well as numerous, well-qualified Afghan specialists working as staff on projects.

67. In the future, the USG will need to stay engaged on the policy front with the GOA to keep advocating market-led development approaches in the agriculture sector and for building an enabling environment for private sector investment. Developing an effective rural finance system will be essential to provide farmers with credit for productivity enhancing investments and for agribusinesses to invest in processing to create jobs in the rural non-farm sector. Continued capacity building for agriculture research and extension will be also critical to ensure that farmers have access to the latest technology and information to raise agricultural productivity. Improved coordination with the military at the Provincial Reconstruction Teams (PRTs) to develop provincial-level agriculture and rural development strategies to guide investment and strategic programming of resources is also essential.